

**RIVER VALE BOARD OF EDUCATION
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL COMPLIANCE AND PERFORMANCE
JUNE 30, 2015**

**RIVER VALE BOARD OF EDUCATION
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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AUDITOR'S MANAGEMENT REPORT

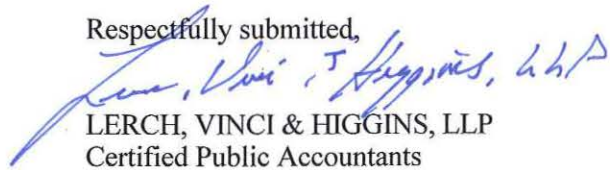
Honorable President and Members
of the Board of Trustees
River Vale Board of Education
River Vale, New Jersey

We have audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the River Vale Board of Education as of and for the fiscal year ended June 30, 2015, and have issued our report thereon dated December 21, 2015.

As part of our audit, we performed procedures required by the Office of School Finance, Department of Education, State of New Jersey and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
December 21, 2015

**RIVER VALE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Monies, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as reported on Exhibit J-20 as contained in the district's Comprehensive Annual Financial Report (the "CAFR").

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Kelly Ippolito	Board Secretary/School Business Administrator	\$150,000
Gennaro Rotella	Treasurer of School Monies	\$300,000

There is Employees' Dishonesty with Faithful Performance coverage with Zurich Insurance Company covering all other employees with multiple coverage of \$100,000.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The Board made a proper adjustment to the billings to sending districts for the per pupil costs in accordance with N.J.A.C. 6A:23A-17.1(f)3.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not reveal any material discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account

All payrolls tested were certified by the President of the Board and Board Secretary/Business Administrator and Chief School Administrator.

The net salaries of all employees tested of the Board were deposited in the Payroll Account. Employees' payroll deductions tested and employer's share of fringe benefits tested were deposited in the Payroll Agency Account.

Payrolls were delivered to the Treasurer of School Monies with a warrant made to her order for the full amount of each payroll.

Salary withholdings were promptly remitted to the proper agencies.

The District filed the required Certification (ECERT1) of Compliance with requirements for income tax compensation of certain administration with the NJ Department of Treasury by the March 15 due date.

Employee Position Control Roster

The Board has implemented and maintains a personnel tracking and accounting (position control) system

**RIVER VALE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Financial Planning, Accounting and Reporting (Continued)

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3.

Board Secretary's Records

The financial records, books of account and minutes maintained by the Board Secretary were in excellent condition.

Acknowledgment of the Board's receipt of the Board Secretary's and Treasurer's monthly financial reports was included in the minutes.

Bids received were summarized in the minutes.

Treasurer's Records

The Treasurer did perform reconciliations for the general operating account, food service account, net payroll account and payroll agency account.

The Treasurer's records were in agreement with the Board Secretary's records.

Unemployment Compensation Insurance Trust Fund

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund. The financial transactions of this fund are reported in the Fiduciary Fund.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's School Act (IASA) as Reauthorized by the No Child Left Behind Act of 2001

The E.S.E.A./NCLB financial exhibits are contained within the Special Revenue section of the CAFR. This section of the CAFR documents the financial position pertaining to projects under Title II of the Elementary and Secondary Education Act.

Our examination of the Federal and State funds on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

**RIVER VALE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Financial Planning, Accounting and Reporting (Continued)

Other Special Federal and/or State Projects

The district's Special Projects were approved as listed Exhibits K-3 and K-4 located in the CAFR.

Our examination of the Federal and State funds on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Fund section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursements

Our audit procedures included a test of the semi-monthly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

TPAF Reimbursement to the State for Federal Salary Expenditures

There were no TPAF employees' salaries paid from federal funds during the current fiscal year. Therefore, no TPAF reimbursement amounts were due to the State at June 30, 2015.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2010 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 (as amended) and 18A:18A-3 are \$36,000 (with a qualifying purchasing agent) and \$26,000 (without a qualifying purchasing agent), respectively. On July 26, 2010, the Board appointed the School Business Administrator as a qualified purchasing agent for the Board which raises the bidding threshold to \$36,000. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,300.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Board Attorney's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or goods or service, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The results of our examination indicated that no individual payments, contracts, or agreements were made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18-4.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal, however, that the district purchased items through the use of State contracts.

**RIVER VALE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Food Service Fund

The financial transactions and statistical records of the school food services were maintained in satisfactory condition. The financial accounts, milk count records and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

The number of milks claimed for reimbursement was compared to sales and milk records. As part of the claims review process, the edit check worksheet was completed.

Expenditures were separately recorded as milk and other costs. Vendor invoices were reviewed and costs verified.

Applications for free milks were reviewed for completeness and accuracy. The number of free milks claimed as served did not exceed the number of valid applications on file, times the number of operating days, on a school by school basis. The free milk policy is uniformly administered throughout the School System. The required verification procedure for free applications was completed and available for review with no exceptions noted.

There was no inventory at June 30, 2015.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

Exhibits reflecting Child Nutrition Program operations are included in the section of the CAFR entitled Enterprise Funds.

Finding – Our audit noted the Food Service Fund’s net cash resources at June 30, 2015 exceeded the three month average expenditures for the 2014/2015 school year.

Recommendation – Appropriate action be taken in the Food Service Fund to ensure net cash resources do not exceed the three month average of expenditures.

Park Academy Fund

Cash receipts and cash disbursements were maintained in good condition and in accordance with established Board policy.

Student Activity Funds

The Board has a policy, which clearly establishes the regulation of Student Activity Funds.

Cash receipts and disbursements records for the various schools were maintained in satisfactory condition.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2014 Application for State School Aid (A.S.S.A.) for on-roll, private school for the handicapped, low-income and bilingual education. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers without exception. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The district maintained workpapers on the prescribed state forms or their equivalent.

The district has adequate written procedures for the recording of student enrollment data.

**RIVER VALE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2014-15 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreement for consistency with recording SDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction.

**RIVER VALE BOARD OF EDUCATION
FOOD SERVICE FUND
SCHEDULE OF MILK COUNTY ACTIVITY AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

RIVER VALE BOARD OF EDUCATION
 FOOD SERVICE FUND
 NET CASH RESOURCE SCHEDULE
 ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Net Cash Resources:</u>		Food Service B - 4/5	
CAFR	*	Current Assets	
B-4		\$	8,899
B-4			594
B-4			1,294
B-4			
B-4			
CAFR		Current Liabilities	
B-4			
B-4			
B-4			
B-4			(3,961)
		\$	6,826.00 (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.		16,722	
B-5	Less Depreciation		(390)	
		\$	16,332.00	(B)

Average Monthly Operating Expense:

	B / 10		\$ 1,633.20	(C)
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Three times monthly Average:

	3 X C		\$ 4,899.60	(D)
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TOTAL IN BOX A	\$	6,826.00		
LESS TOTAL IN BOX D	\$	4,899.60		
NET	\$	1,926.40		
From above:				
A is greater than D, cash exceeds 3 X average monthly operating expenses.				
D is greater than A, cash does not exceed 3 X average monthly operating expenses.				

* Inventories are not to be included in total current assets.

RIVER VALE BOARD OF EDUCATION
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 SCHEDULE OF AUDITED ENROLLMENTS
 ENROLLMENT AS OF OCTOBER 15, 2014

	2015-2016 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Register On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Verifi-cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool - 3 years	4		4		-	-	4		4		-	-				
Half Day Preschool - 4 years	2		2		-	-	2		2		-	-				
Half Day Kindergarten					-	-					-	-				
Full Day Kindergarten	98		98		-	-	56		56		-	-				
1st Grade	115		115		-	-	59		59		-	-				
2nd Grade	127		127		-	-	57		57		-	-				
3rd Grade	101		101		-	-	50		50		-	-				
4th Grade	116		116		-	-	56		56		-	-				
5th Grade	114		114		-	-	64		64		-	-				
6th Grade	130		130		-	-	130		130		-	-				
7th Grade	144		144		-	-	144		144		-	-				
8th Grade	112		112		-	-	112		112		-	-				
9th Grade					-	-					-	-				
10th Grade					-	-					-	-				
11th Grade					-	-					-	-				
12th Grade					-	-					-	-				
Subtotal	1,063	-	1,063	-	-	-	734	-	734	-	-	-	-	-	-	-
Spec Ed - Elementary	80		80		-	-	40		40		-	-	6	5	5	-
Spec Ed- Middle School	79		79		-	-	79		79		-	-	5	4	4	-
Spec Ed - High School					-	-					-	-				-
Subtotal	159	-	159	-	-	-	119	-	119	-	-	-	11	9	9	-
Totals	1,222	-	1,222	-	-	-	853	-	853	-	-	-	11	9	9	-
Percentage Error					<u>0.00%</u>						<u>0.00%</u>					

**RIVER VALE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLEMENT AS OF OCTOBER 15, 2014**

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
	Half Day Pre-School (3 Yrs)			-			-			-		
Half Day Pre-School (4 Yrs)			-			-			-			-
Full Day Kindergarten			-			-			-			-
1st Grade	1	1	-	1	1	-			-			-
2nd Grade	1	1	-	1	1	-			-			-
3rd Grade			-			-			-			-
4th Grade			-			-			-			-
5th Grade	1	1	-	1	1	-			-			-
6th Grade	1	1	-	1	1	-			-			-
7th Grade	3	3	-	2	2	-			-			-
8th Grade			-			-			-			-
9th Grade			-			-			-			-
10th Grade			-			-			-			-
11th Grade			-			-			-			-
12th Grade			-			-			-			-
Subtotal	7	7	-	6	6	-	-	-	-	-	-	-
Spec Ed - Elementary			-			-			-			-
Spec Ed - Middle School			-			-			-			-
Spec Ed - High School			-			-			-			-
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Totals	7	7	-	6	6	-	-	-	-	-	-	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>#DIV/0!</u>			<u>#DIV/0!</u>

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	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	93	93	-	57	57	-
Regular - Spec.	18	18	-	11	11	-
Transported - Non-Public	28	28	-	18	18	-
Special Needs - Public	23	23	-	14	14	-
Totals	162	162	-	100	100	-
			<u>0.00%</u>			<u>0.00%</u>

**RIVER VALE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2014**

	Resident LEP Not Low Income			Sample for Verification		
	Reported on A.S.S.A as Not Low Income	Reported on Workpapers as Not Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Pre-School (3 Yrs)						
Half Day Pre-School (4 Yrs)						
Half Day Kindergarten			-			-
Full Day Kindergarten	3	3	-	2	2	-
1st Grade	7	7	-	6	6	-
2nd Grade	2	2	-	2	2	-
3rd Grade	2	2	-	1	1	-
4th Grade	-	-	-			-
5th Grade	2	2	-	2	2	-
6th Grade	-	-	-			-
7th Grade	1	1	-	1	1	-
8th Grade	1	1	-	1	1	-
9th Grade			-			-
10th Grade			-			-
11th Grade			-			-
12th Grade			-			-
Subtotal	18	18	-	15	15	-
Spec Ed - Elementary			-			-
Spec Ed- Middle School			-			-
Spec Ed - High School			-			-
Subtotal	-	-	-	-	-	-
Totals	18	18	-	15	15	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**RIVER VALE BOARD OF EDUCATION
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SECTION 1A - Two Percent (2%) - Calculation of Excess surplus (2014-2015 expenditures of \$100 million or less)

2014-2015 Total General Fund Expenditures per the CAFR	\$ 21,756,199
Decreased by:	
On-Behalf TPAF Pension & Social Security	(1,883,531)
Adjusted 2014-2015 General Fund Expenditures	19,872,668
2% of Adjusted 2014-2015 General Fund Expenditures	397,453
Enter Greater of 2% of Adjusted 2014-2015 General Fund Expenditures or \$250,000	397,453
Increased by:	
Allowable Adjustment	272,232
Maximum Unassigned Fund Balance	\$ 669,685

SECTION 2

Total General Fund - Fund Balance at June 30, 2015 (Per CAFR Budgetary Comparison schedule/statement)	\$ 3,967,324
Decreased by:	
Capital Reserve	2,008,582
Maintenance Reserve	250,000
Excess Surplus - Designated for Subsequent Year's Expenditures	399,563
Total Unreserved/Undesignated Fund Balance for Excess Surplus Calculation	\$ 1,309,179

SECTION 3

Restricted Fund Balance - Excess Surplus	\$ 639,494
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Detail of Allowable Adjustments

Non-Public Transportation Aid	\$ 4,872
Extraordinary Aid	267,360
	\$ 272,232

RIVER VALE BOARD OF EDUCATION

RECOMMENDATIONS

I. Administration Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

There are none.

III. School Purchasing Program

There are none.

IV. Food Service Fund

It is recommended that appropriate action be taken in the Food Service Fund to ensure net cash resources do not exceed the three month average of expenditures.

V. Student Body Activities

There are none.

VI. Application for State School Aid

There are none.

VII. Pupil Transportation

There are none.

VIII. Miscellaneous

There are none.

IX. Facilities and Capital Assets

There are none.

X. Status of Prior Year Audit Findings/Recommendations

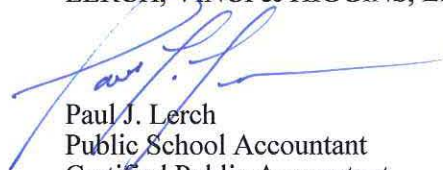
A review was performed on the prior year recommendation and corrective action was taken.

ACKNOWLEDGEMENT

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to us.

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP



Paul J. Lerch
Public School Accountant
Certified Public Accountant